



Department of Defense Supply Discrepancy Report Process Transformation Initiative (IL25) Concept

• Proposal

- Complete implementation of an integrated Supply Discrepancy Reports (SDRs) process. The system will include: a facilitated Web-based entry method for SDRs; routing for web-submissions and logistics transactions according to business rules; any-to-any translation to support unique and standard transaction formats; information exchange between action office and shipper; SDR resolution responses; capture of SDR and response management statistics and assimilation of SDR metrics along with Customer Wait Time/Logistics Response Time in support of perfect order fulfillment.

• Current Situation

- **Problem statement:** The current SDR mode of operation is characterized by: Historically paper bound and non-automated; Proliferation of unique systems and web entry tools using different formats; Complex routing rules; Inability to communicate SDR and response effectively across DoD, fostering duplicative point-to-point interface; Inconsistent and incomplete management data
- Each Component (except USAF) operates one or more information system processing SDRs; however, there is only limited ability to communicate this information across the Components. This proposal focuses on interoperability requirements using a central data store as opposed to a decentralized approach. The reporting and capture of SDRs is critical to improving operational efficiencies, improving customer satisfaction, and measuring perfect order fulfillment.

- **Submitted by:** Defense Logistics Agency, Mr. James Johnson, Director, Defense Logistics Management Standards Office, ja.johnson@dla.mil, 703.767.0670 and Ms. Ellen Hilert, DoD SDR System Administrator, ellen.hilert@dla.mil, 703.767.0676

- **Champion:** Deputy Under Secretary of Defense, Logistics and Material Readiness, Supply Chain Integration (DUSD(L&MR)(SCI)), Col D.C. Pipp, DUSD(L&MR)(SCI), donald.pipp@osd.mil, 703.604.0098



Department of Defense Supply Discrepancy Report Process Transformation Initiative (IL25) Required Actions

• Action Approach

- Multi-phased incremental approach.
 - Phase I IOC January 2004
 - Phase 2 provides:
 - Ability to process SDR/response information using standard automated transaction sets (ANSI ASC X12/XML)
 - SDR/response, completion of integration with Component systems, central data base, and query/reports capability

• Policy or Legislative Change

- DLAI 4140.55/AR735-11-2/SECNAVINST 4355.18A/AFJMAN 23-215, Reporting of Supply Discrepancies
- DoD 4000.25-M, Volume 2, Defense Logistics Management System (DLMS)
- Defense Logistics Management Standards Office in conjunction with DUSD(L&MR)(SCI)



Department of Defense Supply Discrepancy Report Process Transformation Initiative (IL25) Benefits

• Estimated Investments and Savings (\$M)

	FY04	FY05	FY06	FY07	FY08	FY09
Investment Cost	.675K	0	0	0	0	0
Savings	0	0	0	0	0	0

• Non-Financial Benefits

-Cost avoidance- The costs for identifying, investigating, and resolving the discrepancies are high, and significant factors are mail and paper handling costs and materiel holding costs. The savings of \$2.74M per year for FY05- FY09 are based on a 1994 Logistics Management Institute analysis and report, "Deficiency Reporting System Functional Economic Analysis Mini-Business Case (AR328LN1, April 1994).

- Streamlined operations
- Improved morale
- Quality of life
- Accelerated decision making
- Reduced cycle time

Is a Management Initiative Decision (MID) appropriate? No



Department of Defense Supply Discrepancy Report Process Transformation Initiative (IL25) Action Plan and Milestones (Pending IPT Finalization)

Status	#	Title	Start	Complete
Green	1	Establish SDR IPT	Target: 12 Jan 04 Revised: Actual: 12 Jan 04	Target: 17 Mar 04 Revised: Actual: 17 Mar 04
Green	2	Obtain BIC Funding Support	Target: 21 Jan 04 Revised: Actual:	Target: 19 Apr 04 Revised: Actual:
Green	3	Obtain Business Enterprise Architecture Compliance	Target: 9 Feb 04 Revised: Actual: 9 Feb 04	Target: 9 Feb 04 Revised: Actual: 9 Feb 04
Green	4	Develop & Approve Plan of Action and Milestones	Target: 15 Mar 04 Revised: Actual: 15 Mar 04	Target: 14 Apr 04 Revised: Actual:
Green	5	Develop Translation Rules/ Mapping	Target: 23 Sep 04 Revised: Actual:	Target: 25 Feb 05 Revised: Actual:
Green	6	Develop Business Rules & Metrics/ Reports	Target: 23 Sep 04 Revised: Actual:	Target: 25 Feb 05 Revised: Actual:
Green	7	Design and Build Interfaces	Target: 1 Apr 04 Revised: Actual:	Target: 28 Jan 05 Revised: Actual:
Green	8	Perform System Test & Training	Target: 10 Apr 04 Revised: Actual:	Target: 1 Apr 05 Revised: Actual:
Green	9	Full Operational Capability (FOC)	Target: 2 May 05 Revised: Actual:	Target: 2 May 05 Revised: Actual:



Department of Defense Supply Discrepancy Report Process Transformation Initiative (IL25)

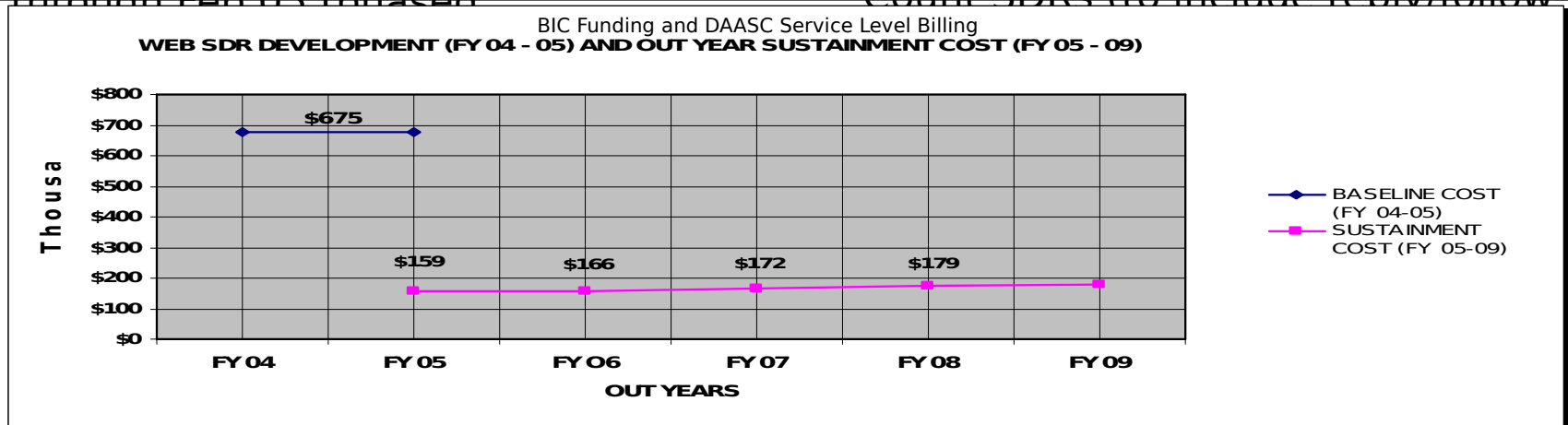
Key Metrics

SDR Record Count (Primary Metric)

- Number of SDR transactions transmitted through DAAS per month
- Goals: Establish record, map to action activity format, and forward as applicable
- Data Source: DAAS
- Methodology for Calculating Data: Count records beginning Jul 04 through Feb 05 (phased)

SDR Web-User Activity (Secondary Metric)

- Number of SDR actions prepared online per month
- Goals: Establish record, map to action activity format, and forward as applicable
- Data Source: DAAS
- Methodology for Calculating Data: Count SDRs (to include reply/follow-on)





Department of Defense Supply Discrepancy Report Process Transformation Initiative (IL25) Assessment

• Pros

- **DoD SDR Web:**

- Standardized business practices, rules, and processes
- Accessible to any customer
- Eliminates paper; captures all required data at its source, automates the process
- Automates Complex routing rules
- Allows pre-population of critical data from existing data stores

- **SDRs integrated into logistics information exchange mechanisms:**

- Supports DoD business process transformation goals
- Facilitates improved warfighter readiness by:
 - o Reducing cycle time for the identification and resolution of discrepancies
 - o Enabling Perfect Order Fulfillment measurement
 - o Focusing management attention on areas needing improvement
- Any-to-any translation supports modernized (ERP) systems and legacy systems
- Centralizes metrics capture and management reporting
- Eliminates need for, and proliferation of, duplicative/similar non-standard efforts
- Saves DoD an estimated \$2.74M annually

• Cons

- Does not include funding to support changes to Service systems
- Initiative requires \$.675K to jumpstart

• **PFB Recommendation:** Approval from the BIC EDs



Points of Contact

- **CHAMPION:**

- OSD:

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- DLMSO:

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- **NAVY:**

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- **AIR FORCE:**

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BACKUP SLIDES



Department of Defense Supply Discrepancy Report

Process Transformation Initiative

Cost

Rough Order of Magnitude (ROM)

Labor Category	\$/hour	Hours	Total
Program Manager	\$110	250	\$27,500
Software Eng/Analyst Lvl IV	\$99	1,350	\$134,000
Software Engineer/Analyst Lvl 3	\$72	1,850	\$133,000
IT Subject Matter Consultant Lvl 3	\$85	2,300	\$195,500
IT Subj Matter Cons Lvl 1	\$66	2,500	\$165,000
Total Hours and Labor		8,160	\$655,000
OTHER DIRECT COSTS			
Travel	\$10,000		\$10,000
Total Other Direct Costs	\$10,000		\$10,000
Total			\$675,000

Define/map = \$67,500

Requirements = \$135,000

Database = \$101,250

Policy = \$33,750

Build = \$270,000

Train = \$67,500

~~Total = \$675,000*~~

* Inclusive of travel and administrative cost

Focus...building/training...product delivery



BMMP Compliance

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ACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

MEMORANDUM FOR: ASSISTANT DEPUTY UNDER SECRETARY OF DEFENSE
(LOGISTICS PLANS AND POLICY) (MR. STAMPONE)
DEFENSE LOGISTICS SYSTEMS MANAGEMENT OFFICE
(MR. JOHNSON)
UNDER SECRETARY OF DEFENSE (COMPTROLLER) (MS.
BOUELLE)
UNDER SECRETARY OF DEFENSE (ACQUISITION,
TECHNOLOGY AND LOGISTICS) (MS. SUMPTER)

SUBJECT: Architecture Conformance – Department of Defense Supply Discrepancy Report
(SDR) Process Transformation Initiative (IL25)

References: (a) DoD SDR Transformation Initiative (IL25) briefing
(b) DLMS Change (PDC) 115, Revised DLMS Supplement (DS) 842A/W,
Standard SDR, for Enhanced Functionality and Unique Identification
(UID) (Supply)
(c) Proposed change to DOD 4000.25-M, Defense Logistics Management
System (DLMS)

This office has reviewed the referenced for architecture conformance. This initiative is clearly logistics, of which this office is the domain owner. The initiative and the supporting documentation is merely a modification to a transaction - not a system.

The initiative:

- Based on process element sequence, complies with operational architecture, and fits within the receipt, validation, installation, and test Supply Chain Operational Reference (SCOR).
- In accordance with the USD(AT&L) directive mandating conformance to the ANSI X12 standard; the initiative complies with our technical views requirements. The initiative implements a web based Standard Discrepancy Report (842 transaction set under ANSI X.12).
- The SDR process is used to report various types of discrepancies situations. This process falls within the logistics domain. Where a financial interface is required to affect an appropriate resolution, this occurs within the Component's processing system outside the SDR Transformation Initiation.
- Security Assistance customers use the SDR to report billing discrepancies. But this too falls outside of logistics.
- Transformation Initiative will:
 - Support accelerating the adoption of Commercial Off-the-Shelf software





BMMP Compliance (cont'd)

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FROM SCI 703 604 0129

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- solutions being implemented in logistics
- o **Improve management reporting**

The Comptroller Office will be provided with a copy of this approval. In addition, the next architecture release 2004 will reflect the content of this initiative for the DoD Logistics Community to include our suppliers who have access to Business Enterprise Architecture – Logistics.

Points of contact for this action are Mr. Don Hall, email at don.hall@osd.mil or voice (703) 604 0157 x 148, and Mr. John Nyere, email john.nyere.ctr@osd.mil or voice (703) 604 0157 x 156. **DLMSO** points of contact, Ms. Ellen Hilert, Chair, Supply Process Review Committee, 703-767-0676, DSN 427-0676, or e-mail: ellen.hilert@dla.mil or Ms. Vermella Saváge, DOD MILSTRIP System Administrator, 703-767-0674, DSN 427-0674, or e-mail: Vermella.savage@dla.mil.

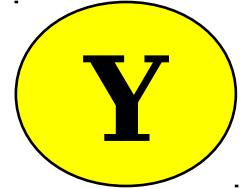
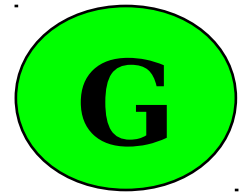
A handwritten signature in black ink, appearing to read "Gary W. Jones", is positioned above the typed name.

Gary W. Jones
Acting Assistant Deputy Under Secretary of
Defense
Logistics Systems Management

Attachments:
References



Department of Defense Supply Discrepancy Report Process Transformation Initiative (IL25) Status Report



• **Current Situation**

- Performance to achieve desired outcome:

- rating and explanation
- Schedule: rating and explanation
- Cost: rating and explanation (if applicable)

- Key actions: (recovery plan or focus areas)

• **Recommended BIC Action:**

- Provide the Champion's recommendations for BIC action
- highlight issues requiring high-level involvement